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omen: Most Underused Resource in Japan

Business Case for Gender Diversity



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Throughout the world, there is a business case for investment in a diverse workforce and the infrastructure for diverse talent to thrive. In Japan, while many aspects of diversity need to be addressed, women are by far the most underutilized resource available for economic growth, representing 50% of the population.

Academic experts say that an increasingly diverse workforce and effective management of diversity can give a company a competitive advantage by allowing for more creative and innovative ideas and solutions to meet the needs of an increasingly diverse clientele. Meanwhile, global human resources leaders indicate that diversity initiatives have a positive impact on corporate culture, attraction and retention of talent and client relations. Companies with good practice in diversity support the idea that diversity initiatives and a diverse workforce contribute to economic success and can have a positive impact on the company's stock price (*"The Business of Diversity," S. Rutherford & S. Ollearnshaw, 2002*).

Analysts at Goldman Sachs believe that increasing the number of women in the workforce and thereby narrowing the gap between male and female employment rates would result in a hugely positive impact on the global economy (*Goldman Sachs, December 2006*). In their report, *"The Ascent of Asia,"* Japanese financial services group Nomura predicts that in 2011-2020, Japan's average GDP is likely to be around 0.5% under current circumstances and could increase to around 1.5% if Japan activates its latent female talent supply (*Nomura, 2010*). This link has already been proven in Europe where increased female labor force participation over the last 10 years accounts for a significant share of economic growth. The concept of "Womenomics" developed by Goldman Sachs analysts in Japan suggests that an increase in female labor force participation can boost Japan's growth rate and have a positive impact on the performance of many Japanese companies (*Goldman Sachs, 2005*). Other research shows that an increase in female workers directly correlates to an increase in the birthrate (*Europa, 2007*), contradicting other suggestions that in order to address the falling birthrate in Japan, women need to be compensated to stay at home.

Across industries, companies that have greater numbers of women on boards of directors outperform those with fewer numbers. A comparison of *Fortune 500* companies showed that those with more female board members outperformed those with fewer in terms of return on equity, return on sales and return on invested capital.

Furthermore, since women make a majority of purchase decisions for themselves and their families, propping up the economy with their consumerism, it is important that companies devise marketing strategies that appeal to women for their products and services and include women on their marketing teams.

Current Situation & Ratios of Men/Women in Japan's Workforce

Like most modern countries, Japan has the pattern of large percentages of women joining companies at junior levels, a more moderate number at the middle level and very few women in senior positions. This suggests a pattern seen in other parts of the world known as the "leaking pipeline" (*PricewaterhouseCoopers, March 2008*). Within Asia, this pattern is most severe in India and Japan. Academics in Japan often cite the "M curve" describing how women drop out of the workplace in their 30s, quite often to have a family and some return to work later in life. What this curve does not address is the fact that many of the women returning to work are hired with jobs that do not utilize or credit their education and work experience and the greater need is to have a balanced representation of women and men at all levels of an organization.

Many companies conduct employee satisfaction surveys and focus-group research to hear from women why they think there are fewer women in middle and senior positions and what they would like to see in place to get them there. Barriers most often cited by working women in Japan should they wish to have a family are the lack of role models (i.e. senior females at the company), poor work/life balance as they go up further and lack of childcare facilities. Other reasons include negative perceptions of women that create challenges for female leaders. For example, as a leader it is important to be assertive and it is equally important not to be seen as aggressive or threatening to others. Given Japanese culture that values harmony and accommodating others and the fact the Japanese language is spoken differently by men and women, it is very difficult for Japanese female leaders to strike the right balance. In any other country, an assertiveness program may equip future leaders with the assertion skills they require. In Japan, however, assertiveness training does not accurately translate and appears to suggest "aggressiveness training."

Balancing work and personal life priorities is always high on the list of considerations for working women around the world and many workers in Japan feel the pressure of exceptionally long working days compared with other countries. Japanese women often talk about societal and family pressures and know women who stopped working when they got married or had children. Many young women in Japan think they have to make a choice between having a family and having a job and that they cannot live in both worlds.

These days, many new university graduates considering their first job ask questions about the prospective organization's programs, policies and culture to allow men and women to manage family and work responsibilities. They also ask about the opportunities for "off ramp" or leaving the workplace for a period of time and "on ramp" when they are ready to rejoin the workforce. Some women talk about the pressures from family members such as their own mother and

mother-in-law who blame them for not being a good mother when their child is sick and they are working. Others explain the burden of child and elderly care is almost completely on their shoulders.

Research shows that Japanese men contribute less time towards housework and child rearing than in any other nation, at only 20 minutes on average per week. Working mothers' feelings of guilt are compounded by a genuine lack of resources to adequately support working parents. Unlike other Asian countries where domestic help such as maids and nannies can be utilized quite cheaply, this is not the case in Japan and unaffordable for most working parents. There is also a severe lack of child day care services available for working parents so often women are forced to leave their jobs and become stay-at-home mothers.

Increasing Female Workforce in Japan

Steps can be taken by organizations and working women in order to overcome the major barriers to women staying in the workforce and moving onto senior positions.

There are three key areas to consider: the women themselves in the context of their work and family life, their individual contribution and personal management; the company as a system with an inclusive environment and effective managers of diverse talent; and infrastructure whether governmental, provided by the company or private.

Consideration at Organizational Levels

Diversity and inclusion have become the norm at a global level in most multinational companies. However, even at some companies with enviable diversity and inclusion initiatives in the United States and Europe, their mindset and accountability to encourage all aspects of diversity, including gender diversity, are still in their infancy in Asia and very much so in Japan.

First, senior managers need to be fully engaged in diversity and inclusion at their companies well beyond the legal requirements related to equality and statutory conditions which, in the case of Japan, are a long way behind countries like Britain and France for example. All managers should be held accountable for impacting an inclusive environment and managing diverse talent with policies and initiatives in place to support them. The performance review process should include some diversity-related objectives and, ideally, some compensation should be tied to these objectives. Many companies use metrics systems to track the male-to-female balance at different ranks in all departments of the organization and benchmark these percentages within their industry or across industry.

Who Needs 'Fixing'?

Companies often think that it is the women themselves who need "fixing" so they begin by setting up women's networks and launching female leadership programs. But in order to really have an impact, the organization needs to review the whole system and wonder whether it is in fact the organization as a whole or management that needs "fixing." If the mindset of the organization itself does not change, the most likely possibility for women benefiting from these initiatives is that they will learn how to act like other successful middle and senior management people, invariably men. Given that besides differences in gender traits, Japanese men have very differ-

ent societal and family expectations from Japanese women and different cultural expectations with a view to behavior such as assertiveness, there are very few Japanese female leaders who want to and manage to succeed by mimicking the "company success profile."

Delivered in the context of addressing the whole system, female leadership programs and women's networks are highly valuable and have made an incredible impact on many female leaders and women in the workplace. The company as a whole should demonstrate that these initiatives are an asset by promoting such events and acknowledging and rewarding staff who lead these networks. Women's networks have the power of facilitating camaraderie among women who feel isolated in their positions (especially in male-dominated industry and at levels of seniority). In addition, these networks can provide opportunities for senior women to be visible, providing a variety of role models. While there is a shift in dynamics at an all-female event which has its benefits, women's networks should not be viewed as for women only and can address the whole system so that men will be interested to attend these events to learn about working with difference and being successful in different ways and about how the organization can support that.

Likewise, female leadership programs are a great opportunity for women to increase self-awareness and experiment with different behaviors and styles as a leader in an environment with altered dynamics. Within a single-gender group, many women attending such programs say they have more opportunities to experiment as leaders as they do not need to compete with men for this opportunity (even in a simulation). Participants in these programs are able to learn from each other's style and explore ways of leading and managing themselves at work.

Invariably, women who attend female leadership programs give feedback that they wish their "male boss" would take this program and thus address the key issue here. Managers, whether male or female, need to learn to have the skills to manage diverse talent and support successful ways of working in different ways. For example, there is "maternity coaching" whereby mothers-to-be have a group coaching session on managing the transition before and after maternity leave and their managers have their own group coaching session on managing the transition and having a smooth dialogue with the mother and the rest of the team before and after the maternity leave.

Managing diversity can also be woven into standard leadership programs and does not need to be presented as a stand-alone module and, once diversity is part of the mindset of the company, it will not need to be. Some companies make it mandatory to undertake one diversity and inclusion program per year with a robust menu including general diversity awareness-raising programs, interactive drama-based diversity programs and so on. In order to begin to have a tangible impact on the mindset of an organization, at least 30% of staff needs to be influenced whether by top-down accountability and training programs or grass-roots networking events.

Mentoring programs and active sponsorship of high-potential women should be encouraged whether formally or informally. People who have reached the height of their career will often cite the support and sponsorship they received such as being delegated to a highly visible project. It is also worth comparing the ratio of men to women eligible for and actually nominated for regular management and leadership programs and any imbalance should be addressed.

Consideration at Individual Levels

Many women in senior positions recognize that as individuals,

PHOTO 1



Climbing wall: Women leaders learn the difference between “directing” and “coaching” someone to do something they can’t do themselves.

they play a key role in the development of future women workers and that this pipeline needs strengthening. In Japan, there are female role models who extend their influence beyond their workplace into the community. Female leaders in Japan can be seen using themselves as mentors, coaches and trainers encouraging women to perform well on the job and advising them on how to balance work and private priorities. In the case of Japan, there is still a lack of successful senior women who also have families and it may be more effective for a wider range of mid-level women to be the role models for junior women providing different role models for different women to aspire to and imagine that they can thrive in the workplace no matter what their other personal life choices may be.

Some global heads of diversity at multinational companies have pointed out that on average, there is a lack of “drive” or “willingness potential” in some talented Japanese women. By this, they mean that although there are many talented Japanese women who are considered “high potential” from the perspective of what they can do, they are lacking potential in terms of wishing to take on a more senior role. When interviewed, some Japanese women say they are not interested in a more senior position because they worry the workload will be too heavy for them to balance other priorities or that they do not want to be the only female at a certain level. Beyond this, the attitude of the partner is also important and his willingness to take on some of the responsibilities in running the home, raising children or taking care of elders. Furthermore, there is a tendency for women to apply for a promotion when they can demonstrate 100% of the criteria for the job whereas men apply with only 60%. In addition to this, Japan values modesty, and it is culturally unfitting for many Japanese women to aggressively go for a senior role. Coaching and female leadership programs can facilitate women with internal barriers to growing in their careers to overcome those barriers and find what they really want to do professionally and how they are going to do it.

Consideration for Support Mechanisms & Infrastructure

Women all over the world, and particularly in Japan, say that flexibility and the work/life balance are of great value to them and, compared with their male counterparts, women are more likely to consider this in relation to taking on a new role and in decisions to resign. In many countries in Europe, flexible working is common practice. In Japan, this is still a new concept and, although companies may have had human relations officials draw up some flexible working arrangement (FWA) policies, it is also important to make sure that staff can actually take advantage of such policies by delivering “managing flexible workers” training, giving

PHOTO 2

Photos: Suzanne Price



Interactive drama-based diversity training with professional actors: Changing the mindset and culture of a company

managers the confidence and skills to utilize such flexibility effectively.

Aging populations and falling birthrates pose serious problems for many economies and especially for Japan. One seemingly overlooked solution is greater female participation in the workforce. Economic growth in the workplace goes hand in hand with population growth. *The Economist* pointed out that the decline in fertility has been greatest in several countries where female employment is low (*The Economist, 2006*). This was reiterated by a study on gender, growth and aging: “In countries where it is relatively easy for women to work and have children, female employment and fertility both tend to be higher” (*Gender Inequality, Growth & Global Aging, Kevin Daly, 2007*).

Many Japanese women express as early as their university years that they think they have to choose between having a family and having a career and many of them want both. Currently, there is not enough infrastructure in terms of childcare for women to have both. In France, there is state-provided childcare available for all of the children of working parents. In Japan, there is enough childcare available only for 20%, and closer to 10% in some areas. Some companies have decided to address this issue by building their own internal childcare facility or by subsidizing baby-sitting services. Improved government-sponsored facilities and/or greater subsidies for companies to offer on-site childcare and provide other forms of affordable childcare options are essential. The reality is that female participation would have to increase and 20,000 additional child day-care centers are required between 2011 and 2020 in order to maintain the current labor workforce (*Nomura, 2010*).

Strategic Planning

Clearly, it is important to the economic growth of Japan and to overcome the effects of a declining population that more women enter and are retained in the workforce at all levels. Women cannot be expected to do this alone and the mindset and policies of the government and the organizations they work for need to change in order for them to thrive and work effectively. Furthermore, increased access to child day care and a system that makes it easier to work flexibly and take paid leave when taking care of a family are essential.

Given the current immigration levels in Japan, the country needs to support and activate this latent supply of female talent in order to realize economic growth. **JS**

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